

FOR INFORMATION

I. SUBJECT

Information on the Consolidated Annual Performance and Evaluation Report for Program Year 2019 (July 1, 2019 - June 30, 2020)

II. FACTS

A. The State Consolidated Annual Performance and Evaluation Report (CAPER) is an annual report submitted to the U.S. Department of Housing and Urban Development (HUD) that assesses the State of Hawaii’s performance in meeting the goals, priorities, and objectives of its Consolidated Plan. The Consolidated Plan consists of a five-year strategy (for the period July 1, 2015 – June 30, 2020) and annual action plans for the investment of federal Community Planning and Development (CPD) program funds to address the affordable housing and homeless needs in the state, primarily in the counties of Hawaii, Kauai, and Maui. The City and County of Honolulu receives its own allocation of HOME, ESG and HOPWA funds directly from HUD. The state’s CAPER for Program Year 2019 (PY2019) focuses on the administration of CPD programs for the period July 1, 2019 to June 30, 2020, the fifth and final year under the five-year Consolidated Plan.

The federal CPD programs covered by this CAPER are the HOME Investment Partnerships (HOME), National Housing Trust Fund (HTF), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

HHFDC is the lead agency for the State’s CPD programs and maintains primary responsibility for preparation of the Consolidated Plan and related Annual Action Plans and CAPERs, as well as the administration of the HOME and HTF programs. The Homeless Programs Office of the Department of Human Services – Benefits, Employment and Support Services Division (DHS-BESSD) is responsible for administration of the ESG and HOPWA formula grant programs.

B. Normally, the State of Hawaii’s CAPER report must be submitted to HUD by September 30 of each year. Due to the Coronavirus Disease of 2019 (COVID-19) pandemic, HUD has waived this deadline requirement to allow more time for completion of the report. HHFDC must submit the CAPER to HUD by December 27, 2020. The draft CAPER was made available for public review and comment from November 9, 2020 through November 24, 2020. Comments from a member of the public was received and is attached as Exhibit A.

III. DISCUSSION

In PY2019, HUD approved the State’s PY2019-2020 Annual Action Plan and awarded \$6,721,414 in federal CPD funds as follows:

HOME	\$3,005,732
HTF	\$3,000,000
ESG	\$449,445
HOPWA	<u>\$266,237</u>
	\$6,721,414

A. HOME Program

Of the total PY2019 HOME allocation of \$3,005,732, HHFDC retained \$150,287 for administration of the HOME program, and allocated \$2,855,445 to the County of Kauai for its administration of the program and its various rental and homeownership projects. For PY2019, the County of Kauai had HOME Program Income of approximately \$180,000, which was designated for its Pua Loke Affordable Rental project, and the County of Hawaii anticipated \$50,000 in Program Income which was designated for its TBRA program. PY2019 HOME funding and anticipated projects follow:

Table 1: PY2019 HOME Funding and Anticipated Projects:

County	PY2019 Project Name	Project Type	Total Units	HOME Units	Est. Comp. Date	PY2019 HOME Funds	PY2019 Anticipated Program Income
Kauai	Pua Loke Affordable Rentals	Affordable Rental Housing	54	9	2021	\$2,254,299	\$180,000
Kauai	Waimea Huakai Self-Help Sub-division (CHDO)	Affordable Home Ownership Hsg (Self-Help Building Method)	5	5	2021	\$450,860	\$0
Hawaii	TBRA	Affordable Rental Housing	2	2	2019	\$0	\$50,000
Kauai	Administration	Administration	n/a	n/a	2019	\$150,286	\$0
HHFDC	Administration	Administration	n/a	n/a	2019	\$150,287	\$0
			61	16		\$3,005,732	\$230,000

Generally, HOME activities and projects include multiple sources of funds and approvals, so HOME projects planned for this reporting period will produce results in future program years. The results achieved during this reporting period are based on the commitments of prior years’ HOME fund allocations.

During PY2019, \$3,896,396.51 in HOME funds from current and prior year allocations and program income were disbursed. HOME funds were leveraged with other public and private resources for ongoing programs / projects, and to complete the following:

Table 2: PY2019 HOME Program Accomplishments:

Obj. No.	Project Name	Type	Hawaii County		Kauai County		Maui County	
			HOME Units	Total Units	HOME Units	Total Units	HOME Units	Total Units
HR-2	Tenant-Based Rental Assistance	Tenant Based Rental Assistance	4	4	12	12	0	0
HO-2	Kahoma Residential Subdivision (CHDO)	Affordable Home Ownership Hsg. (Self-Help Hsg.)	0	0	0	0	4	10
TOTAL:			4	4	12	12	4	10

One area that continues to present challenges is the HOME set-aside required for Community Housing Development Organizations (CHDOs), equal to fifteen percent of the annual HOME allocation. Even with the two-year planning period in the rotation, preparing for CHDO projects is difficult, as there are a limited number of CHDOs within the state. Finance Branch staff continues to field inquiries and provide information to nonprofit developers on becoming a certified CHDO. In PY2019, the County of Kauai selected the Kauai Habitat for Humanity as a CHDO serving the County of Kauai and sponsor for the Waimea Huakai Self-Help

Housing project, to provide five affordable self-help homeownership units in Waimea.

HHFDC’s Finance Branch staff closely monitors HOME activities to ensure the timely commitment and disbursement of HOME funds in compliance with HUD’s HOME rules. Timeliness issues may be attributed to the prolonged process to develop affordable housing in the State of Hawaii. While the HOME funds may be subgranted to the counties based on an approved Annual Action Plan, the funds can only be committed to projects after all financing has been secured, the project has been underwritten and construction scheduled to start within 12 months. HHFDC’s rotating allocation has somewhat improved the timeliness of expenditures, allowing two years between funding years for a county to plan for specific projects. Awarding one county the entire annual allocation provides more funding at once to the county, helping to expedite the commitment and expenditure process.

Each of HHFDC’s State Recipients have HOME activities with expected completion within the next few years:

Table 3: Expected HOME Program Activities, Hawaii County:

Activity	Type	Location	Units	Status
Kaloko Heights Affordable Housing	Rental Housing	Kailua-Kona	10 HOME units. 100 total units.	Pending Construction.
Puna Self-Help Housing (CHDO)	Home-ownership	Puna	3 HOME units, 3 total units	Planning
Tenant Based Rental Assistance	Rental Assistance	Countywide	Varies	Ongoing

Table 4: Expected HOME Program Activities, Kauai County:

Activity	Type	Location	Units	Status
Ele’ele Iluna, Phase II, Inc.B	Home-ownership	Ele’ele	12 HOME units, 59 total units	Construction in Progress
Koa’e Workforce Housing	Rental Housing	Koloa	12 HOME units, 134 total units	Near Completion; leasing up.
Waimea Huakai Rentals	Rental Housing	Waimea	6 HOME units, 34 total units	Construction in Progress
Waiimea Huakai Self-Help Housing (CHDO)	Home-ownership	Waimea	5 HOME units, 5 total units	Planning
Pua Loke	Rental Housing	Lihue	9 HOME units, 54 total units	Pending Construction
Tenant Based Rental Assistance	Rental Assistance	Countywide	Varies	Ongoing

Table 5: Expected HOME Program Activities, Maui County:

Activity	Type	Location	Units	Status
Kaiwahine Village, Phase I	Rental Housing	North Kihei	12 HOME units, 64 total units	Near Completion; leasing up.

While HOME funds are ultimately being used to produce or preserve affordable housing, the counties must continue to exercise diligence in underwriting proposals to ensure compliance with HOME requirements. All three counties/State Recipients are experiencing new or inexperienced staff or a staff shortage,

compounding the difficulties in navigating the complexities of the HOME program requirements.

To ensure program compliance, each of the HOME State Recipients would benefit from training on the HOME program. To help increase the counties' program staff's capacity and knowledge in administering the HOME program, HHFDC procured a consultant who provided training specific to the State's HOME program in June 2019 and again in September 2020. HOME staff from each of the neighbor island counties attended.

B. ESG Program

1. HUD's Emergency Solutions Grant program focuses on homelessness prevention and rapid re-housing, gradually shifting away from emergency and temporary shelters, to assist homeless individuals and families who are living on the streets or in shelters into permanent housing.

During the program year, DHS-BESSD received \$449,445 in ESG funds, which it designated for the following uses:

\$253,488	Homelessness Prevention and Rapid Re-Housing Activities;
\$168,991	Emergency Shelter Operations;
\$4,494	Homeless Management Information System; and
<u>\$22,472</u>	DHS-BESSD Administration.
\$449,445	Total

DHS-BESSD designated \$253,488 to homelessness prevention and rapid re-housing activities, to get homeless persons off of streets and into permanent housing. Agencies receiving these funds in the counties of Hawaii, Kauai and Maui assisted 55 people with homelessness prevention activities, and 92 people with rapid re-housing activities.

DHS-BESSD allocated \$168,991 to emergency shelter providers in the counties of Hawaii, Kauai, and Maui to provide:

- 1,113 safe nights of sleep in emergency shelters for homeless persons in the Counties of Hawaii, Kauai and Maui;
 - 242 safe nights of sleep in emergency shelters for victims of domestic violence in the Counties of Hawaii, Kauai and Maui; and
 - the transition of 460 persons into permanent housing.
2. Due to the COVID-19 pandemic, the state of Hawaii received an additional \$1,567,697 in ESG funds under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to immediately assist homeless individuals and families combat the health and economic impacts of COVID-19. DHS-BESSD focused these funds in the neighbor island counties of Hawaii, Kauai and Maui. In collaboration with HUD and Bridging the Gap (the Continuum of Care representing the neighbor island counites), DHS will distribute these funds to provider nonprofit organizations:
 - a. for homelessness prevention and rapid re-housing activities,
 - b. to expand and support shelter operations and services in response to CDC recommendations;
 - c. for street outreach to provide community health education, essential services and supplies to the unsheltered homeless to reduce the spread of infectious diseases such as the Coronavirus, and
 - d. support services to transition homeless persons into permanent housing.

Results of these efforts will be reported in next year's CAPER.

C. HOPWA Program

1. DHS-BESSD contracted with the Maui AIDS Foundation (MAF) to serve as the lead agency for the Neighbor Island Housing Program (serving persons with HIV/AIDS in the Counties of Hawaii, Kauai and Maui) to (1) provide tenant-based rental assistance; and (2) provide housing information, rent deposit, and supportive services; provide short-term rental, mortgage & utility payments (STRMU); and assist families with permanent housing placement.

During the program year, DHS-BESSD received \$266,237 of HOPWA funds, which were allocated for the following uses:

\$187,201	Tenant Based Rental Assistance;
\$53,044	Housing information, supportive services, STRMU, and permanent housing placement;
18,005	Administration – Maui AIDS Foundation; and
7,987	Administration – DHS-BESSD
<hr/>	
\$266,237	Total

HOPWA funds were used to assist 62 households to pay a portion of the market rental unit costs, and 420 households with supportive services, with and without housing assistance.

2. DHS-BESSD received supplemental HOPWA funds under the CARES Act and distributed the entire allocation of \$39,007 to MAF. These funds will be used for Tenant Based Rental Assistance and supportive services to assist individuals with HIV/AIDS and their families, to help deal with effects of COVID-19. Results of these activities will be reported in next year's CAPER.

D. HTF Program

In addition to the HOME program, HHFDC administers HUD's National Housing Trust Fund (HTF) Program for the State of Hawaii. In PY2019, HUD awarded \$3,000,000 to HHFDC and approved HHFDC's HTF Allocation Plan (Plan). HHFDC's PY2019 Plan provides for HHFDC to retain five percent for administration, allocate half of the remaining balance to the City and County of Honolulu (City) and the remaining balance to the County of Kauai. HHFDC's Plan requires the counties to use HTF funds to increase or preserve affordable rental housing, targeting households with incomes at or below 30% AMI. Both counties are required to submit a plan to HUD for its use of HTF funds.

The City identified the acquisition of the Mahani Hale project to utilize a portion of its PY2019 HTF funds. The project is in Kalihi and will provide five Single Room Occupancy units for persons with special needs.

The County of Kauai will utilize its PY2019 HTF funds for its Pua Loke Affordable Rental Housing Development in Lihue. HHFDC also allocated unused PY2018 HTF funds, returned to HHFDC from the City, to the County of Kauai, which will be used for Pua Loke. The project is expected to produce 54 units, five of which will be HTF-assisted.

HUD's HTF program was launched in PY2016, so is relatively new compared to other HUD programs. All four counties have new or inexperienced staff or a staff

shortage. To increase capacity, staff in all four counties must dedicate time to reading and understanding HTF program regulations and requirements. While all four counties need time to adjust to the new program, the City has struggled to administer the HTF grant. The City’s PY2016 and PY2018 HTF funds were returned to HHFDC for re-allocation to another county. The City successfully committed PY2017 funds to the Hale Makana o Maili project, expected to produce 52 units (five HTF-assisted), which is currently under construction and scheduled for completion in PY2020. As noted above, the City identified the Mahani Hale project to utilize a portion of its PY2019 HTF funds and, as of June 30, was working to commit funds for the project and identify another to utilize the balance of its PY2019 HTF funds.

The City’s challenges to timely and appropriately administering HTF funds jeopardize the State’s HTF allocation and subject funds to possible recapture by HUD / U.S. Treasury. Until the City can demonstrate an increased capacity to administer HTF funds, HHFDC must take steps to improve the overall performance of its HTF program while protecting HTF funds from recapture. For PY2020, HHFDC has elected not to allocate HTF PY2020 funds to the City and allocated the entire PY2020 allocation to the County of Maui. HHFDC will continue to monitor the City’s progress for future HTF allocations.

To help increase capacity of all counties’ staff, HHFDC procured a consultant to provide training specific to the State’s HOME and HTF programs. Training sessions were held in June 2019 and September 2020. The sessions were attended by county HTF administrators, their program staff, and interested developers.

Each of HHFDC’s Subgrantees have identified HTF projects with expected completion within the next few years:

Table 6: Expected HTF Program Activities, Hawaii County:

Activity	Allocation Year	Location	Units	Status
Kaloko Heights Affordable Rentals	PY2018	Kailua-Kona	6 HTF units; 100 total units	Pending Construction

Table 7: Expected HTF Program Activities, City and County of Honolulu:

Activity	Allocation Year	Location	Units	Status
n/a	PY2016	City returned its allocation to HHFDC; HHFDC re-allocated these funds to Kauai for its Koa’e Workforce Housing project.		
Hale Makana o Maili	PY2017	Waianae	5 HTF units; 52 total units	Construction in Progress
n/a	PY2018	City returned its allocation to HHFDC; HHFDC re-allocated these funds to Kauai for its Pua Loke project.		
Mahani Hale	PY2019	Kalihi	5 HTF units, 9 total units	Planning
n/a		As of June 30, 2020, the City was working to identify an eligible use for the balance of its PY2019 HTF allocation.		
n/a	PY2020	City received no allocation from HHFDC		


Table 8: Expected HTF Program Activities, Kauai County:


Activity	Allocation Year	Location	Units	Status
Koa'e Workforce Housing	PY2016	Koloa	14 HTF units, 134 total units	Near Completion; leasing up
Pua Loke Affordable Rentals	PY2019 PY2018	Lihue	5 HTF units, 54 total units	Pending Construction

Table 9: Expected HTF Program Activities, Maui County:

Activity	Allocation Year	Location	Units	Status
Kaiwahine Village, Phase II	PY2017	North Kihei	6 HTF units; 56 total units	Near Completion; leasing up

- E. Copies of the final CAPER are available for review. Upon submittal to HUD, the final CAPER will also be posted to HHFDC's website for public viewing.

Prepared by: Lisa Wond, Planner 

Reviewed by: Janice Takahashi, Chief Planner 

Attachment: Exhibit A – Public Comments

EXHIBIT "A"

From: [EH](#)
To: [DBEDT HHFDC ConsolidatedPlan](#)
Cc: [Wond, Lisa C](#); [Representative Scott Saiki](#); [Senator Sharon Y Moriwaki](#); [ed.case@mail.house.gov](#); [U. S. Senator Mazie Hirono](#)
Subject: [EXTERNAL] Comments on the DRAFT CAPER and Annual Action Plan
Date: Monday, November 23, 2020 6:51:05 PM

November 23, 2020

Aloha,

Per the notice on the [HHFDC website](#) I am providing written comments: "Written comments on the draft CAPER may be submitted to HHFDC via email at HHFDC.ConsolidatedPlan@hawaii.gov no later than 4:30 p.m. on November 24, 2020. All comments will be considered in preparing the final CAPER."

In my opinion, the website should be updated to reflect that the public may provide testimony through at least the end of 2020, per Lisa Wond at HHFDC.

It was not clear at today's virtual hearing that comments were being sought for the Consolidated Plan and the Annual Action Plan to begin July 1, 2021, rather than the draft CAPER. Below, I will address my public testimony to both.

DRAFT CAPER:

- It is not clear to me, or an average member of the the Public, why the draft CAPER prepared by HHFDC, a state agency, largely omits the City and County of Honolulu from this report. The draft CAPER seems to mix and match when it does and does not want to include data from Honolulu.
- Page 1 - Goals and Outcomes (of the draft CAPER) has no mention of HOPWA, despite the fact that the Consolidated Plan adopted in May 2020 by HHFDC, specifically cites "Housing Information and Rental Assistance to persons with HIV/AIDS."
- Page 5 - Following table 1 there is no mention of HOPWA in the narrative where the State is to asses the jurisdiction's use of funds particularly the priorities identified in the Plan.
- Page 6 - Resources and Investments (of the draft CAPER) shows no resources expended during the program year for HOPWA and Continuum of Care, without adequate explanation, or even partial information. This is misleading.
- Page 10 - In the discussion of problems towards meeting goals, HHFDC notes it is concerned about the City and County of Honolulu's ability to administer HTF funds and that this jeopardizes the State's allocation. There is no mention of the City's poor understanding and administration of HOPWA. This must be noted somewhere because the City administers and allocates formula and special award HOPWA funding and, arguably does a poor job in this regard jeopardizing the ability to keep eligible applicants in safe and stable housing.
- Page 11- In the discussion of outreach to homeless persons there is no mention about the different standards, practices and procedures for outreach that happen on Oahu and the Neighbor Islands. It is of particular concern that no effort is made on the Neighbor Islands to capture data regarding sexual orientation and gender identity, when we know

EXHIBIT "A"

that LGBTQ+ individuals experience higher risk and rate for homelessness. The VI-SPDAT triage tool does not capture this data.

- Page 14 - "During the recent COVID-19 pandemic, the State and counties quickly established rent and mortgage relief programs supported by federal COVID-19 relief funds. As of October 2020, the state rent and mortgage relief program had received over 20,000 applications statewide." This omits mention that this much needed program could not meet demand. At the November 2020 HHFDC Board meeting, Executive Director Denise Iseri-Matsubara projected that of \$100M in this fund, less that \$70M would be used for keeping eligible applicants in safe, stable housing. Approximately \$14M had been allocated for administrative expenses and the balance will be transferred to the Department of Labor and Industrial Relations, where it provides little direct housing assistance. This program has had no public oversight or input and has fallen well short of expectations, leaving thousands of residents unable to access dedicated rental assistance monies. Including this in the CAPER is misleading and insulting.
- Page 17 - HPHA's new landlord liaison position serves those on Oahu. But this report is about the other counties of the state? This is one example of the mix and matching I mentioned earlier. Why can't there be one report for the whole state and then break outs as appropriate for what is/is not happening in specific counties?
- Page 22-23 There is inconsistent language as to when the period for public comment extends until. Is it November 24, end of year or into January?
- Attachment B, page 3 - Approximately \$30M CARES funds have been unable to be spent for direct housing assistance and instead will be used to to reimburse the state's unemployment insurance fund, despite the fact that the State has an approximately \$10B credit line from the Federal Government to fund unemployment. It is insulting and misleading to omit these facts when discussing the utilization of CARES funds for homelessness prevention.
- Attachment G only shows Neighbor Island HOPWA CAPER Data. Why isn't Oahu HOPWA data included?

ANNUAL ACTION PLAN

As the State has demonstrated concern about the City's ability to administer Federal funding in other areas, it would be helpful for the State to provide the City support and oversight as regards the HOPWA program. The public would appreciate having some economy of scale and integration of funding so that eligible applicants are best served. At least, there should be public demonstration of coordination and cooperation, even if the City and State are separately funded.

HHFDC has demonstrated capacity to host multi-island video conferencing. This capacity should be utilized across all public meetings hosted by HHFDC. Through the COVID pandemic, across the country, governments and citizens have been interacting utilizing technology like TEAMS and ZOOM to enable oral public testimony and have public discussions about essential matters of public policy. HHFDC Board meetings have failed to make use of this technology and instead use a YouTube Channel which does not allow for oral public testimony. This directly contravenes multiple Supplemental Proclamations issued by Governor Ige, wherein he tasked all boards and agencies to make a good faith effort to hear oral public testimony. HHFDC should make a commitment to utilizing technology to engage stakeholders, particularly individuals and households that are program participants and can offer lived experience.

EXHIBIT "A"

In Hawaii, public accommodations are inclusive of gender identity and sexual orientation. However, there is no specific language in HHFDC documents that recognize the barriers experienced due to social bias and discrimination for people who have non-traditional sexual orientation or gender identity. There needs to be a greater effort toward inclusion. Without state leadership, we see that Neighbor Island organizations like Bridging the Gap fail to document disparities for vulnerable populations, notably LGBTQ+.

HHFDC must provide the public with a full accounting of COVID spending. There are clearly indications that there may be instances of fraud. Moreover, poor planning by the State is showing a diversion of these funds away from homelessness prevention and housing and, instead, to the Department of Labor and Industrial Relations unemployment insurance fund. Further the public deserves a full accounting of administrative expenses, as they seem quite high for the Rent Relief Program established through the CARES act.

Thank you for the opportunity to provide public testimony.

Please reply to this e-mail if you have any questions or need additional information.

Eduardo Hernandez

Resident and Voter in Hawaii House District 26 and Senate District 12